

Date of Hearing: April 30, 2013

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS
Al Muratsuchi, Chair
AB 639 (John A. Pérez) – As Introduced: February 20, 2013

SUBJECT: Veterans Housing and Homeless Prevention Act of 2014

SUMMARY: Authorizes the issuance of \$600,000,000 in general obligation bonds for the constructions, rehabilitation, and preservation of affordable multifamily, supportive, and transitional housing for veterans, if approved by the voters at the November, 2014, general election. Specifically, this bill:

- 1) Authorizes the issuance of \$600 million in general obligation bonds, the proceeds of which are to be made available to the Department of Housing and Community Development (HCD) for the purpose of constructing, rehabilitating, and preserving affordable multifamily, supportive, and transitional housing for veterans.
- 2) Restricts the use of bond proceeds to only those housing units designated for veterans and their families.
- 3) Requires the program to be administered by HCD in collaboration with the California Department of Veterans Affairs (CalVet).
- 4) Requires HCD to establish a program to focus on veterans at risk of homelessness or experiencing temporary or chronic homelessness.
- 5) Requires HCD, to the extent feasible, to establish and implement programs that, among other things:
 - a) Leverage public, private, and nonprofit program and fiscal resources;
 - b) Prioritize projects that combine housing and supportive services, such as job training, mental health and drug treatment, or physical rehabilitation;
 - c) Promote public and private partnerships; and
 - d) Foster innovative financing opportunities.
- 6) Allows the Legislature, by majority vote, to amend the provisions of the act for the purpose of improving program efficiency, effectiveness, and accountability, or for the purpose of furthering overall program goals.
- 7) Creates the Housing for Veterans Fund and requires the proceeds of bonds issued and sold pursuant to the bill to be deposited in the fund.
- 8) Subjects bonds deposited in Housing for Veterans Fund to annual appropriation, as determined by the Legislature.

- 9) Requires the measure to be submitted to the voters at the November 4, 2014, general election.
- 10) Contains an urgency clause.

EXISTING LAW:

- 1) Provides for farm and home purchase benefits for qualifying veterans under the Veterans Farm and Home Purchase Act of 1974 and subsequent acts, which are collectively referred to as the CalVet Home Loan Program (Military & Veterans Code Section 987.50, et seq.).
- 2) Defines "home" as a parcel of real estate upon which there is a dwelling house or other buildings that will, in the opinion of CalVet, suit the needs of the purchaser and the purchaser's dependents as a place of abode; a condominium; a mobilehome; and cooperative housing (Military & Veterans Code Section 987.51).
- 3) Authorizes the Veterans Bond Act of 2008 for the purpose of creating a fund to provide farm and home aid for veterans in the amount of \$900 million (Military and Veterans Code Section 998.400, et seq.).
- 4) Authorizes the Veterans Bond Act of 2000 for the purpose of creating a fund to provide farm and home aid for veterans in the amount of \$500 million (Military and Veterans Code Section 998.300, et seq.).

FISCAL EFFECT: Unknown at this time.

COMMENTS:

Argument for the bill: New Directions, a non-profit entity that provides housing and supportive services to veterans in the Los Angeles area, states:

There is a national effort to end homelessness among veterans and the creation of affordable housing with support services is a key part of that effort. Veterans who remain homeless, or are on the edge of homelessness, utilize a disproportionate amount of public services such as emergency rooms, jails, and treatment centers. The creation of more affordable housing will not only save money by stabilizing the lives of tens of thousands of veterans, it is the honorable thing to do for a population that has put their lives on the line for our country.

Purpose of the bill: AB 639 establishes the Veterans Housing and Homeless Prevention Act to restructure \$600 million of the \$900 million in bonds approved by the voters for the CalVet Home Loan Program in 2008 and use them instead to fund the construction and rehabilitation of affordable multifamily, supportive, and transitional housing for veterans. The move would leave CalVet with \$530 million in bonds for its home loan program. The bill tasks HCD with administering the new funding program in collaboration with CalVet and explicitly restricts the use of bond proceeds to those housing units designated for veterans and their families. The focus of the program would be on housing for veterans who are homeless or at risk for homelessness and in need of services such as mental health counseling, substance abuse treatment, job training, and physical therapy to address injuries. Restructuring the bonds requires voter approval, which would be sought at the 2014 general election.

According to the author, “The Legislature must advance a comprehensive, coordinated, and cost-effective approach to respond to the housing and services needs of our veterans. The Veterans Housing and Homeless Prevention Act of 2014 will expand housing and service options for veterans, cost-effectively leverage public dollars, reduce the number of homeless veterans and the attendant public costs, and place California at the forefront of our nation’s efforts to end veterans' homelessness by 2016.”

According to the Committee on Housing and Community Development:

Despite California's high number of homeless veterans, the state does not have any programs that are directly targeted at serving this population, or at serving lower-income veterans who are at risk of homelessness. HCD offers various programs that support the development of multifamily rental housing for low income Californians, including supportive and transitional housing, but none are veteran-specific. HCD's programs have been funded since 2002 from two voter-approved housing bonds, Proposition 46 of 2002 and Proposition 1C of 2006. These funds are nearly gone and it is unclear when additional funds will be available for these programs. In addition, the elimination of redevelopment agencies meant a loss of around \$1 billion per year in affordable housing funding, funds that generally worked in concert with state dollars and other sources of funding to produce affordable units to serve low-income Californians.

California Veteran Farm and Home Purchase Program: CalVet runs the California Veteran Farm and Home Purchase Program, often referred to as the CalVet Home Loan Program, which was established in 1921 and reauthorized in 1943 and again in 1974. The program provides loans to veterans for single-family residences, including condominiums and planned unit developments; farms; units in cooperative developments; and mobilehomes in rental parks or on land owned by the veteran. The restrictions on the program do not permit development of affordable multifamily, supportive, and transitional housing of the kind contemplated by this bill.

While the program has assisted over 420,000 veterans over the years, it has seen a sharp decline in activity over the last decade. In 2003, the program issued 1,130 new loans; in 2012 it issued just 83. In the same time period, the program's portfolio of outstanding loans declined from 20,169 to 7,913.

CalVet’s Home Loan Program is funded primarily by veterans’ bonds, a type of tax-exempt general obligation bond. The program is fully self-supporting and does not have a cost to the General Fund. The principal and interest on the bonds and the administrative costs are repaid from interest charged to the veteran loan holders. The Legislature has placed on the ballot and California voters have approved 23 veterans’ bonds since 1943 to provide funding for the program. The most recent was Proposition 12 in 2008, which authorized \$900 million in bonding authority. The prior bond, Proposition 32 of 2000, authorized \$500 million in bonding authority. To date, CalVet has not issued any of the bonds approved under Proposition 12, and has about \$230 million in bonding authority left under Proposition 32.

CalVet Home Loan Program will continue: It is important to note that the existing CalVet Home Loan Program will retain approximately \$300 million dollars in bond authority and continue to function. According to CalVet staff as interest rates rise in the open market, the CalVet Home Loan product will become increasingly attractive. This bill leaves a substantial amount of

money for the existing program to continue and expand as the state and national economies recover from recession.

Bond proceeds will be used exclusively for veterans and their families: As a final matter, although bond authority is being repurposed from the CalVet Home Loan program it still will provide housing exclusively for veterans and their families. According to the bill, "The bond proceeds shall only be used for units designated for veterans and their families."

Previous Committee: Assembly Housing and Community Development

Ayes: 7 Noes: 0

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of Veteran Service Agencies (sponsor)
Corporation for Supportive Housing (sponsor)
AFSCME
Affirmed Housing Group
American Legion-Department of California
AMVETS-Department of California
Association for Los Angeles Deputy Sheriffs
Association of California Healthcare Districts
Burbank Housing Development Corporation
California Association of Veteran Service Agencies
California Building Industry Association
California Conference of Carpenters
California Hospital Association
California Labor Federation
California Medical Association
California Nurses Association
California Professional Firefighters
California Rural Legal Assistance Foundation
California Special Districts Association
California State Sheriffs' Association
Century Housing
Cities of Burbank, Murietta and Oakland
Counties of Butte, Del Norte, Los Angeles, Santa Clara, and Solano
Hospital Corporation of America
Housing California
JP Morgan Chase & Co.
League of California Cities
Los Angeles County Sheriff's Department
Los Angeles Probation Officers Union
Los Angeles Police Protective League
Los Angeles Probation Officers Union
Los Angeles Regional Reentry Partnership
New Directions, Inc.

Non-Profit Housing Association of Northern California
North Coast Veterans Resource Center
Redding Veterans Resource Center
Riverside Sheriffs' Association
Sacramento Veterans Resource Center
Salvation Army Haven
San Diego Housing Federation
SEIU California
State Building and Construction Trades Council
Swords to Plowshares
United Native Housing Development Corporation
United Way of Greater Los Angeles
U.S. VETS
VFW-Department of California
Vietnam Veterans of America-California State Council
Vietnam Veterans of California, Inc.
Western Center on Law and Poverty

Opposition

None on file.

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